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From:

Sent: Thursday, January 28, 2010 10:22:28 AM

To:

Cc:

Subject: RE: Tefra question

Affected items are affected by partnership items either as reported or changed at the partnership level. You don't need to change partnership items to have affected items. See, e.g., [Roberts v. Commissioner](#), 94 T.C. 853 at 860 (1990).

After we issue a no change FPAA which either defaults of is petitioned and decided, we can issue affected item notices of deficiency for partner-level limitation issues such as 465, 704(d) or 469. We will be bound by the partnership level components of these issues either as reported on the partnership return or as redetermined at the partnership level. Only the partner-level issues, such as whether the partner worked the minimum hours to meet material participation requirement, would be determined in the affected item proceeding. The latest partnership audit guide in the IRM goes into these issues in detail.